

September 26, 2011

RECORDATION NO.

26985-B
FILED

Chief
Section of Administration
Office of Proceedings
Surface Transportation Board (the "Board")
395 E Street, S W
Washington, DC 20423-0001

SEP 26 '11 -5 3 0 PM

SURFACE TRANSPORTATION BOARD

Re Bank of Montreal-Watco Companies
Partial Release of Security Agreement

Dear Section Chief

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two (2) executed copies of the Partial Release of Security Agreement, dated as of September 26, 2011, from Bank of Montreal, as secured party, in favor of the Debtors set forth below. The enclosed document relates to the Security Agreement dated April 30, 2007 by and among the Debtors and the Secured Party, a memorandum of which was recorded with the Surface Transportation Board on May 25, 2007 at 4:10 P.M. under recordation number 26985 with an amended and restated equipment description being recorded with the Surface Transportation Board on February 16, 2011 at 3 10 P.M. under recordation number 26985-A

The names and addresses of the parties to the enclosed document is as follows.

Secured Party: Bank of Montreal
111 West Monroe Street
Chicago, Illinois 60603

The equipment covered as of the date hereof by the aforesaid Partial Release of Security Agreement consists of the following:

3 GP-7 Locomotives bearing the reporting marks WAMX 7017,
WAMX 7027 and WAMX 8001;

2 GP-10 Locomotives bearing the reporting marks WAMX 1001 and
WAMX 1002;

Chapman and Cutler LLP

1 GP-30 Locomotive bearing the reporting mark WAMX 3005,

1 GP-30M Locomotive bearing the reporting mark WAMX 3022,

1 SD-18 Locomotive bearing the reporting mark WAMX 1803,

7 SD-40 Locomotives bearing the reporting marks WAMX 4106 through WAMX 4111, inclusive and WAMX 4114;

2 SW 9 Locomotives bearing the reporting marks WAMX 903 and WAMX 905, and

1 SW 1200 Locomotive bearing the reporting mark WAMX 1202

A short summary of the document to appear in the index follows:

Partial Termination of Security Agreement.

A fee of forty-one dollars (\$41.00) is enclosed. Please time and date stamp the enclosed copy of the enclosed document along with the extra copy of this letter as proof of filing and recordation of the enclosed document and return the original and any extra copies of such document and this letter not needed by the Board for recordation to

Ed Luria, Esq.
Alvord and Alvord
1050 Seventeenth Street, N.W.
Suite 301
Washington, D.C. 20036

If you have any questions or need further information, please do not hesitate to contact the undersigned (312) 845-2991.

Sincerely,

CHAPMAN AND CUTLER LLP

By Michael D. Robson
Michael D. Robson

MDR:dk
Enclosure

SEP 26 '11

-5 3 0 PM

PARTIAL RELEASE OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

Memorandum of Partial Release of Security Agreement, effective as of September 26, 2011, from Bank of Montreal, a chartered bank of Canada, acting through its Chicago branch, as secured party ("*Secured Party*") in favor of Watco Companies, L.L.C (formerly known as Watco Companies, Inc), a Delaware limited liability company ("*Watco*"), Watco Transportation Services, L.L.C. (formerly known as Watco Transportation Services, Inc.), a Kansas limited liability company ("*WTS*"), Eastern Idaho Railroad, L.L.C (formerly known as Eastern Idaho Railroad, Inc.), an Idaho limited liability company ("*Eastern*"), South Kansas and Oklahoma Railroad, Inc., a Kansas corporation ("*South Kansas*"), Kansas & Oklahoma Railroad, L.L.C. (formerly known as Kansas & Oklahoma Railroad, Inc.), a Kansas limited liability company ("*K&O*"), Timber Rock Railroad, L.L.C. (formerly known as Timber Rock Railroad, Inc.), a Texas limited liability company ("*Timber*"), PRCCR, Inc. (formerly known as Palouse River and Coulee City Railroad, Inc.), a Washington corporation ("*PRCCR*"), Pennsylvania Southwestern Railroad, L.L.C. (formerly known as Pennsylvania Southwestern Railroad, Inc), a Pennsylvania limited liability company ("*Pennsylvania*"), Kaw River Railroad, L.L.C. (formerly known as Kaw River Railroad, Inc), a Kansas limited liability company ("*Kaw*"), Alabama Southern Railroad, L.L.C (formerly known as Alabama Southern Railroad, Inc), a Kansas limited liability company ("*Alabama*"), Arkansas Southern Railroad, L.L.C. (formerly known as Arkansas Southern Railroad, Inc), a Kansas limited liability company ("*Arkansas*"), Vicksburg Southern Railroad, L.L.C. (formerly known as Vicksburg Southern Railroad, Inc.), a Kansas limited liability company ("*Vicksburg*"), Louisiana Southern Railroad, L.L.C (formerly known as Louisiana Southern Railroad, Inc.), a Kansas limited liability company ("*Louisiana*"), Yellowstone Valley Railroad, L.L.C (formerly known as Yellowstone Valley Railroad, Inc.), an Idaho limited liability company ("*Yellowstone*"), Mississippi Southern Railroad, L.L.C. (formerly known as Mississippi Southern Railroad, Inc.), a Mississippi limited liability company ("*Mississippi*"), Great Northwest Railroad, L.L.C (formerly known as Great Northwest Railroad, Inc), an Idaho limited liability company ("*Great Northwest*"), Mission Mountain Railroad, L.L.C. (formerly known as Mission Mountain Railroad, Inc.), an Idaho limited liability company ("*Mission Mountain*"), Palouse River and Coulee City Railroad, L.L.C , a Washington limited liability company ("*Palouse*"), Millennium Rail, Inc., a Delaware corporation ("*Millennium*"), MBF Industries, Inc., a Louisiana corporation ("*MBF*"), Dome Acquisition Corp , a Delaware corporation ("*Dome*"), Hockley Rail Car, Inc., a Texas corporation ("*Hockley*"), Madonna Corp., a Kansas corporation ("*Madonna*"), Baton Rouge Southern Railroad, L.L.C , a Kansas limited liability company ("*Baton Rouge*"), Watco Transportation Holdings, Inc., a Kansas corporation ("*WTH*"), Pacific Sun Railroad, L.L.C., a Kansas limited liability company ("*Pacific*"), Austin Western Railroad, L.L.C., a Texas limited liability company ("*Austin*"), Fitzgerald Railcar Services, Inc., an Illinois corporation ("*Fitzgerald*"), Railcar Services and Logistics Corporation, an Illinois corporation ("*Railcar Services*"), Reload Express, Inc , a Missouri corporation ("*Reload Express*"), Reload, Inc , a Missouri corporation ("*Reload*"), Watco Mechanical Services, L.L.C , a Kansas limited liability company ("*WMS*"), Watco Mechanical Corp., a Kansas corporation ("*WMC*"), Kansas City Switching Company, L.L.C., a Kansas limited liability company ("*KCSC*"), Alabama Warrior Railway, L.L.C , a Kansas limited liability company ("*AWR*"), Grand Elk Railroad, Inc., a Delaware corporation ("*GER*"), Boise Valley Railroad, L.L.C., a Delaware limited liability company ("*Boise*"), Watco

Dock & Rail, L.L.C., a Kansas limited liability company ("WD&R"), Watco Transloading, L.L.C., a Delaware limited liability company ("WTL"), CAF, L.L.C., a Kansas limited liability company ("CAF") and Watco Railroad Company Holdings, Inc., a Kansas corporation ("WRCH", together with Watco, WTS, Eastern, South Kansas, K&O, Timber, PRCCR, Pennsylvania, Kaw, Alabama, Arkansas, Vicksburg, Louisiana, Yellowstone, Mississippi, Great Northwest, Mission Mountain, Palouse, Millennium, MBF, Dome, Hockley, Madonna, Baton Rouge, WTH, Pacific, Austin, Fitzgerald, Railcar Services, Reload Express, Reload, WMS, WMC, KCSC, AWR, GER, Boise, WD&R WTL and CAF, collectively referred to herein as the "Debtors" and each individually as a "Debtor").

WITNESSETH:

1. The undersigned have entered into that certain Security Agreement, dated as of April 30, 2007 (as amended, supplemented or modified, the "*Security Agreement*"), by which each Debtor has granted to Secured Party a security interest in certain railroad equipment bearing reporting marks as listed on Schedule G attached to the Security Agreement in order to secure such Debtor's performance of its obligations as described in the Security Agreement. Capitalized terms used herein without definition have the meanings assigned to them in the Indenture.

2. The Security Agreement (or a memorandum thereof) was recorded with Surface Transportation Board on May 25, 2007 at 4 10 P M under recordation number 26985 pursuant to Section 11301 of Title 49 of the United States Code. A memorandum of amended and restated equipment description relating to the Security Agreement was recorded with the Surface Transportation Board on February 16, 2011 at 3:10 P.M. under recordation number 26985-A pursuant to Section 11301 of Title 49 of the United States Code

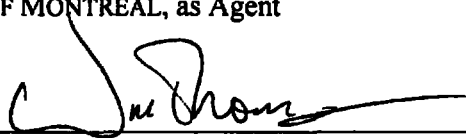
3 The Security Agreement is terminated effective as of the date hereof with respect to the locomotives set forth on Exhibit A attached hereto.

4. This Partial Release of Security Agreement shall neither impair nor terminate the rights and obligations of the parties under the Security Agreement which expressly survive this partial release

IN WITNESS WHEREOF, the undersigned has caused this memorandum to be duly executed by its officers duly authorized as of the date and year first above written.

BANK OF MONTREAL, as Agent

By

A handwritten signature in black ink, appearing to read 'W. Thomson', is written over a horizontal line.

Name William Thomson

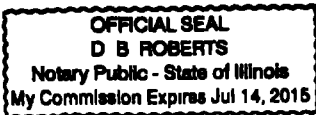
Title: Sr. Vice President

Executed on this 26th day of September, 2011.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this, the 26th day of September, 2011, before me, a Notary Public in and for said County and State, personally appeared William Thomson, who being by me duly sworn, says that (s)he is the Senior Vice President of BANK OF MONTREAL, that said instrument was signed on September 26, 2011 on behalf of said association by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said association

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned



A handwritten signature in black ink, appearing to read "D.B. Roberts", written over a horizontal line.

Name D.B. Roberts
Notary Public
My Commission Expires 7-14-2015
Residing in Cook County

(SEAL)

EXHIBIT A**UNITS**

EQUIPMENT	QUANTITY	REPORTING MARKS
GP-7 Locomotives	3	WAMX 7017 WAMX 7027 WAMX 8001
GP-10 Locomotives	2	WAMX 1001 WAMX 1002
GP-30 Locomotive	1	WAMX 3005
GP-30M Locomotive	1	WAMX 3022
SD-18 Locomotive	1	WAMX 1803
SD-40 Locomotives	7	WAMX 4106 through WAMX 4111, inclusive WAMX 4114
SW 9 Locomotives	2	WAMX 903 WAMX 905
SW 1200 Locomotive	1	WAMX 1202